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SUBJECT: The Short-term Outlook in Singapore

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1. For Lim Yew Hock, the new Chief Minister of Singapore, the future is touch and go. While holding together the precarious Labor Front-Alliance coalition inherited from David Marshall, he must check the growing strength of the communist-dominated People's Action Party (PAP), counter the communist effort to get into the government through united front tactics, frustrate possible disruptive efforts by Marshall to regain the Chief Ministership, and, at the same time, convince the British that their interests in Singapore will not be endangered by a grant of wider self-government. Although Lim Yew Hock will probably not be able to check the growing strength of PAP, his chances for successfully meeting the other four challenges over the next twelve months are reasonably good.

2. Lim, a 42 year-old Singapore-born Chinese who was Minister of Labor and Welfare in Marshall's government, is not as spectacular a public figure as his predecessor, but his more stable, dependable, and workable political leadership has reduced the atmosphere of crisis in Singapore and increased the confidence of the general public and the British authorities in the ability of the Labor Front to govern. On June 8, when Lim was sworn in as Chief Minister following the collapse of the "Merdeka" talks in London and Marshall's subsequent resignation, the Labor Front-Alliance coalition was rent by dissention and groggy from 14 months of erratic political activity under Marshall's leadership. Although Lim has predicted that the next few months will be a period of high and low political intrigue in Singapore, his cautious approach, self-assurance and temperate statements have injected some semblance of order into the coalition.

3. The political temperature in Singapore cooled noticeably when Marshall departed in July for a nine week visit to Japan and Communist China. Marshall has admitted that his trip to China is a play for the support of the Singapore Chinese. The opinion in Singapore, local as well as British and American, is that Marshall will make every effort to upset Lim's government and regain the Chief Ministership when he returns from China. To this end he is expected to attack Lim's moderate objective of self-government, rather than independence, for Singapore, and to appeal to extremist elements for support. In so doing, Marshall's

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ambition may lead him to support Communist united front tactics and extreme leftwing nationalism. Lim's hope is that he will be able to consolidate leadership over the Labor Front coalition during Marshall's absence and maintain his own considerable following among the Singapore Chinese while pursuing a moderate course.

4. The influence and strength of PAP and the degree of communist control of PAP will probably continue to increase. Over the next 12 months, the major efforts of the Communists in Singapore will probably be to increase their popular following, to perfect their organization, and to work for a united front government. To sidestep leftwing PAP efforts to establish a united front government Lim will have to create a greater measure of unity and cohesion among the government parties than has existed in the past. His considerable following among the Singapore Chinese and his influence in Singapore's labor movements growing out of his extensive labor background will help in his struggle against the PAP organization and its united front tactics. As part of his plan to avoid PAP pressures for a united front government, Lim hopes to separate PAP Secretary Lee Kuan Yew and his alleged socialist followers from PAP and create a leftist but non-communist labor front of his own. This would strengthen Lim's position and expose the communist influence in PAP. Thus far Chief Minister Lim has managed to checkmate PAP efforts toward a united front government and appears to have made some headway in cultivating Lee Kuan Yew.

5. Lee Kuan Yew is a 33 year-old Singapore-born Chinese who graduated from Cambridge in 1950 with high honors. Although he has risen rapidly in Singapore politics and probably has a bright political future, the extent of his "following" in PAP at this time is uncertain. In a conversation with the American Consul in Singapore, Lee recently described himself as basically pro-West and pro-American. Although his intelligence, cleverness and political influence are above question, it is uncertain whether he is basically pro-West, is an unscrupulous opportunist, or a Communist collaborator. Lee Kuan Yew has admitted there is a sharp division in PAP between his group of alleged socialists and the Chinese-speaking Peiping-oriented group manipulated by the Communists. Lee maintains that he and his followers in PAP knowingly associate with Communists in the party in order to influence their programs and policies and has denied there is any possibility of an open split in PAP. Although it is possible that Lim Yew Hock may be able to woo the Lee Kuan Yew wing away from PAP, the chances are less than even. However, if the Communist elements in Singapore and PAP instigate a wave of violence and terror in the colony, or if the leftist Lim Chin Siong faction of PAP continues to expand its effective control of the party to the exclusion of non-communists, the chances of a split in PAP would be increased.

6. Lim Yew Hock's plans are to work for increased "self-government" rather than "independence", as the next step for Singapore. It is his hope that conditions will be right to re-open the "Merdeka" discussions with London on a government-to-government basis within a year, and it is almost certain that he and Colonial Secretary Lennox Boyd held private

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exploratory talks with this end in view during Lim's visit to London to attend a Commonwealth Labor Conference this summer. Lim apparently intends to do everything in his power to make the next round of talks on self-government for Singapore successful.

7. One of Lim's first moves as Chief Minister was a trip to Kuala Lumpur to establish personal rapport with Federation Chief Minister Abdul Rahman. Although the optimistic statements regarding Singapore-Federation integration which Lim issued following these talks were rebuffed by Rahman, relations between the two men promise to be much closer than was the case with Marshall and Rahman. Further talks between Lim and Rahman on such specific problems as constitutional provisions, the Federation ban on Singapore Chinese student groups crossing into Malaya, and the all-important question of the future nationality status of the Chinese are likely. Chief Minister Lim's policy is to encourage step-by-step integration of Singapore and the Federation and he has stated his intention to dovetail constitutional planning in Singapore with the development of the new constitution for the Federation as far as possible.

8. Despite the likely gradual increase in PAP strength over the long term, the chances for survival of Lim Yew Hock's government over the next twelve months are good. His moderate approach has won supporters among the conservative elements and increased the confidence of the British in his government. In addition, he has a strong following in non-communist labor organizations, a substantial following among the Singapore Chinese, and connections with the Chinese secret societies. Lim's greatest problem is to maintain his moderate position in the face of possible extremist agitation by the Communists, both inside and outside of PAP, and in the face of the extremist and inflammatory position Marshall will probably take upon his return from China. However, the Communists are concentrating on organizational work and united front tactics and Marshall's prestige as a leader is severely reduced as a result of his conduct during and immediately after the April Merdeka talks in London. Most Singapore parties seem to regard Lim Yew Hock's government as a welcome relief from the hectic days of Marshall's tenure. If Lim continues as Chief Minister, the chances are good that a new round of Singapore-London talks, on a government-to-government basis, will be held within a year and that agreement on self-government along the lines of the Boyd proposals to Marshall will be reached.

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